

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 CIAE-00 PM-03

H-02 INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 CU-02 AID-05 COME-00 EB-07 FRB-03 TRSE-00

XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 STR-04

SY-05 /087 W

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O P 162135Z APR 75

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC NIACT IMMEDIATE 9762

INFO DIA WASHDC PRIORITY

USIA WASHDC PRIORITY

USCINCSO PRIORITY

AMEMBASSY GUATEMALA PRIORITY

AMEMBASSY MANAGUA PRIORITY

AMEMBASSY SAN JOSE PRIORITY

AMEMBASSY SAN SALVADOR PRIORITY

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E.O. 11652: N/A

TAGS: PINT, HO

SUBJECT: CONTINUING MEDIA COVERAGE OF LOPEZ/UB SCANDAL

BEGIN SUMMARY: NEWS COVERAGE AND EDITORIAL COMMENT  
HAS INCREASED IN THE PAST 24 HOURS AND THE EMBASSY  
HAS NOTICED A SHIFT IN VIEW IN WHICH UNITED BRANDS  
IS CLEARLY EMERGING AS THE REAL VILLAIN BEHIND THE  
SCANDAL. COMMENTATORS AND POLITICIANS ARE URGING  
THAT LOPEZ MAKE A PUBLIC STATEMENT DENYING THE ACCUSATIONS AND SUE  
THE WALL STREET JOURNAL FOR LIBEL. THE GOH INVESTI-  
GATING COMMITTEE CONTINUES ITS WORK AND HAS STILL  
NOT SET THE DATE FOR ITS US TRIP. "POPULAR" ORGAN-  
IZATIONS LED BY FEUH, THE COMMUNIST DOMINATED  
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UNIVERSITY STUDENT BODY ASSOCIATION, HAVE CALLED FOR

A MEETING APRIL 17 TO DETERMINE WHETHER THE CIA AND THE AMERICAN EMBASSY BEAR RESPONSIBILITY FOR THE SCANDAL. END SUMMARY.

1. MEDIA COVERAGE OF THE LOPEZ/UB BRIBERY SCANDAL, AFTER SEVERAL DAYS OF DIMINISHING INTENSITY SEEMS ONCE AGAIN TO BE INCREASING. RADIO COMMENTATORS APPEAR TO HAVE CHANGED TACK FROM CALLING FOR AN INVESTIGATION AND SUPPORTING THE GOH INVESTIGATING COMMISSION TO STRONGLY ATTACKING UNITED BRANDS. ON APRIL 16 MONTOYA OF RADIO MONUMENTAL CALLED UB "PUBLIC ENEMY NUMBER ONE" AND LECHUGA OF RADIO CENTRO ACCUSED BU OF TRYING TO DESTROY THE CHIEF OF STATE. LECHUGA ADDED THAT THE WORKERS WHO HAVE SUPPORTED THIS GOVERNMENT HAVE NOT RECEIVED THE SUPPORT NECESSARY TO CLEAN THE CONTRY'S NAME AND SAID THAT LOPEZ SHOULD SUE THE WALL STREET JOURNAL AND CALL AN IMMEDIATE PRESS CONFERENCE TO CLARIFY THE CURRENT SITUATION.

2. TIEMPO'S EDITION OF APRIL 14, INCLUDING A SPECIAL FOUR PAGE SECTION ON THE "BANANA GATE," CARRIED BACKGROUND ARTICLES ENTITLED "THE TAX THAT BEGAN THE BANANAGATE," "WHO IS WHO ON THE INVESTIGATING COMMITTEE," "THE EX-RABBI OF UNITED WHO TURNED OUT WORSE THAN FIFI," AND "BRIEF HISTORY OF THE BANANA COMPANIES IN HONDURAS." THE PAPER REPRINTED UNITED BRANDS' DECLARATION OF APRIL 8 AND DETAILED THE COMPANY'S RECENT BANANA EXPORT STATISTICS. TIEMPO'S LEAD EDITORIAL, ENTITLED "HONDURAS UNDER THE PARALYZING EFFECT OF UNITED," REPEATS THE NOW COMMON THESIS THAT THE SCANDAL WILL DIMINISH THE COUNTRY'S ABILITY TO OBTAIN CREDIT AND THAT THE ONLY WAY TO REESTABLISH INTERNATIONAL CONFIDENCE IN HONDURAS IS A COMPLETE INVESTIGATION FOLLOWED BY PUNISHMENT FOR THE GUILTY.

3. TIEMPO OF APRIL 16, OVER PHOTOS OF GENERAL LOPEZ, COL. JUAN ALBERTO MELGAR, AND MINECON BENNATON, PUBLISHED HEADLINES SAYING "THE BRIBERY BY UNITED BRANDS LIMITED OFFICIAL USE

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EXISTS, SAYS THE NEW YORK TIMES: ARMY GIVES TOTAL SUPPORT TO THE COMMISSION: BANK ACCOUNTS OF OFFICIALS TO BE INVESTIGATED." INNER PAGE STORIES SAID THAT THE SUPERIOR DEFENSE COUNCIL AND THE INVESTIGATING COMMISSION HAD MET AND THE LATTER WOULD HAVE THE FORMER'S COMPLETE SUPPORT. TIEMPO SPECULATED THAT THIS MEANT THAT THE COMMISSION HAS A BETTER CHANCE THAN BEFORE OF ARRIVING AT THE TRUTH. IN REFERRING

TO THE N.Y. TIMES, TIEMPO SAID "ACCORDING TO THE AMERICAN NEWSPAPER, UB EXECUTIVES HOUSTON LACOMBE AND ENRIQUE LOPEZ BALBOA ADMITTED THE FACT (BRIBE) TO THE HONDURAN INVESTIGATING COMMITTEE." TIEMPO STATED THAT THE TIMES ALSO REPORTED "UB AND THE SEC PLAN AN EXTRALEGAL ARRANGEMENT IN ORDER TO CONTINUE DISCLOSURES ABOUT THE SCANDAL. THIS POSITION OF UB IS INTENDED TO STOP OTHER INVESTIGATIONS WHICH COULD PUT THE COMPANY'S OPERATIONS" IN A DIFFICULT SITUATION. TIEMPO ADDED THAT MINECOM BENNATON WAS INTERROGATED BY THE COMMISSION APRIL 15.

4. TIEMPO'S LEAD EDITORIAL OF APRIL 16 CARRIES THE TITLE "IT IS NECESSARY THAT WE OVERCOME THE CONCESSIONARY ERA" AND PRESENTS THE THESIS THAT HONDURAS MUST MAKE A STUDY TO FIND AN ALTERNATIVE TO THE PRESENT SYSTEM OF FRUIT COMPANY CONCESSIONS. THE EDITORIAL SAYS, IN PART, "WITH THE BLOWS SUFFERED OVER THE COURSE OF TIME FROM THE CONCESSIONARY COMPANIES, IT IS ABSOLUTELY NECESSARY TO DETERMINE HOW WE CAN OVERCOME THIS ERA OF ECONOMIC INFANCY." TIEMPO ALSO PUBLISHES A HALF PAGE DECLARATION ISSUED BY STENEE (COMMUNIST LED ELECTRICAL WORKERS UNION) CALLING FOR THE PUNISHMENT OF THE GUILTY AND ACTION (UNSPECIFIED) AGAINST THE FRUIT COMPANIES.

5. LA NOTICIA OF APRIL 15, CARRYING PHOTOS OF LOPEZ AND LIBERAL PARTY POLITICIAN RAMON VILLEDA BERMUDEZ, HEADLINES THE LATTER'S QUESTION, "WHY HAS NOT LOPEZ DENIED THE UB CHARGES?" VILLEDA ADDED "THE SUPERIOR DEFENSE COUNCIL, IN THE NEXT FEW HOURS, HAS TO MAKE A WISE AND BRAVE DECISION IN ORDER THAT THE DISHONOR NOT BE CHARGED TO THE ARMED FORCES." THE NOTICIA LIMITED OFFICIAL USE

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ALSO DEVOTES ITS LEAD EDITORIAL TO THE UB STORY AND SAYS THAT IT REMAINS UNKNOWN WHETHER LOPEZ WILL SUE THE WALL STREET JOURNAL FOR LIBEL.

6. LA PRENSA'S APRIL 16 HEADLINE SAYS THAT THE "INVESTIGATING COMMISSION WILL ASK THE HELP OF U.S. AUTHORITIES." IN ITS RELATED PAGE THREE ARTICLE LA PRENSA DETAILED RECENT REMARKS BY THE COMMISSION COORDINATOR, JORGE ARTURO REINA. REINA IS QUOTED AS SAYING THAT THE GOH EMBASSY IN WASHINGTON HAS BEEN INSTRUCTED TO BEGIN SEEKING APPOINTMENTS WITH "VARIOUS AGENCIES OF THE USG, SUCH AS THE SENATE." THE COMMISSION, ACCORDING TO REINA, "HOPES TO HAVE THE COMPLETE COOPERATION OF THE DEPARTMENT OF STATE AND, ACCORDING TO INDIRECT INFORMATION, THE US EMBASSY IN

HONDURAS IS QUITE DISPOSED TO COOPERATE HOWEVER  
POSSIBLE WITH THE COMMISSION." HE ADDED THAT IT WAS  
NOT THE COMMISSION'S ROLE TO SUE THE WALL STREET JOURNAL  
BUT RATHER THE ROLE OF "THOSE AFFECTED." "REINA ALSO  
SAID THAT THE COMMISSION HAS NOT YET SET THE DATE FOR  
ITS VISIT TO THE U.S.

7. LA PRENSA ALSO PUBLISHED AN INTERVIEW WITH COHEP

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TO SECSTATE WASHDC NIACT IMMEDIATE 9763

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PRESIDENT ( AND MEMBER OF THE INVESTIGATION COMMISSION)  
CAMILO RIVERA GIRON. THE UNIVERSITY STUDENTS' ORGAN-  
IZATION, FEUH, HAS DEMANDED THAT RIVERA BE EXPELLED  
FROM THE COMMISSION. RIVERA SAID THAT HE IS NOT  
SERVING AS A PRIVATE PERSON BUT AS COHEP (HONDURAN  
PRIVATE ENTERPRISE COUNCIL.) PRESIDENT AND HAD

STRICT INSTRUCTIONS FROM HIS ORGANIZATION REGULATING HIS PARTICIPATION. HE CONFIRMED THAT HE IS A FORMER EMPLOYEE OF UNITED FRUIT AND SAID THAT HE LEFT THE COMPANY IN 1960. HE DINIED BEING A UNITED STOCKHOLDER.

8. LA PRENSA ALSO EXCERPTS AN APRIL 14 DECLARATION BY THE CHRISTIAN-DEMOCRATIC PARTY DEMANDING THAT THE TRUTH BE ADMITTED AND THE GUILTY PUBLISHED. FOR THE LIMITED OFFICIAL USE

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GUILTY THE PARTY DEMANDS:

- A. LEGAL PENALTY FOR THE CRIME OF HIGH TREASON;
- B. TOTAL CONFISCATION OF THE GOODS OF THE GUILTY AND THEIR HEIRS;
- C. IF MILITARY, PUBLIC DISHONORABLE DISCHARGE;
- D. IF A CIVILIAN, EXPULSION FROM ALL PROFESSIONAL ASSOCIATIONS AND THE DENIAL OF THE RIGHT TO EXERCISE HIS PROFESSION.

ALSO, THE PCD URGES STRONG SANCTIONS (UNSPECIFIED) AGAINST UB.

9. LA PRENSA'S LEAD EDITORIAL REPEATS ITS EARLIER JUDGEMENT THAT THE INVESTINGATING COMMISSION WILL LIKELY HAVE VERY LITTLE SUCCESS IN ITS EFFORTS TO DISCOVER THE TRUTH. THE EDITORIAL ADDS THAT IF THE IMPLICATED GOH OFFICIALS ARE IN FACT INNOCENT THEY SHOULD SUE THE WALL STREET JOURNAL IN THE UNITED STATES.

10. EL CRONISTA OF APRIL 16 CARRIED BANNER HEADLINES SAYING "LOPEZ DID NOT INTERVENE IN THE NEGOTIATIONS WITH THE BANANA COMPANIES." THE HEADLINES REFER TO PREVIOUS NEGOTIATIONS WITH THE COMPANIES ON THE BANANA TAX AND THE PAPER CARRIES A LONG STORY PROVIDING AN HISTORICAL TREATMENT OF THE TAX QUESTION. POINTS HIGHLIGHTED IN THE ARTICLE INCLUDE:

- (A) DURING NEGOTIATIONS MINECON BENNATON AND FONMIN BATRES ACCEPTED FRUIT COMPANY POINTS OF VIEW;
- (B) MINGOV MELGAR AND MINFIN ACOSTA WANTED TO BE HARDER ON THE COMPANIES;
- (C) LOPEZ WANTED MORE ECONOMIC BENEFITS FOR HONDURAS; AND
- (D) MINISTERS SAY THAT LOPEZ NEVER IMPOSED DECISIONS ON HIS CABINET.

61. EL CRONISTA ALSO SAYS THAT IN A PUBLIC MEETING "POPULAR ORGANIZATIONS" DENOUNCED THE ACTIONS OF THE CIA AND THE US EMBASSY RELATING TO THE BRIBERY CHARGES MADE AGAINST LOPEZ. THE ARTICLE SAYS THAT THERE IS TO BE A MEETING OF SUCH "POPULAR" GROUPS OR WORKERS, CAMPESINOS, AND STUDENTS AT 4:00 PM APRIL 17 THE

STUDENTS SAY THAT THE MEETING IS NOT BEING CALLED TO  
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DEFEND LOPEZ BUT RATHER TO DETERMINE IF IT IS TRUE  
THAT THE BRIBERY CHARGE ORIGINATED WITH THE CIA AND  
THE AMERICAN EMBASSY.

12. EL CRONISTA REPORTED IN A FRONT PAGE STORY THAT  
OAS REPRESENTATIVE IN HONDURAS, FERNANDO HERNANDEZ DE  
AGUERO, STATED THAT GENERAL LOPEZ "IS ABOVE ALL  
SUSPICION" AND "HAD NOTHING TO DO WITH THE SORDID  
SCANDAL." HE ALSO SAID THAT IT IS A "SCANDAL CAUSED  
BY THE WORLD'S FOURTH POWER, THAT IS, THE MULTI-  
NATIONAL COMPANIES."

13. COMMENT: THE MISSION PERCEIVES A CERTAIN SHIFT  
IN THE PUBLIC MOOD FROM THAT CHARACTERIZED BY SHOCK  
AND CALLS FOR INVESTIGATIONS TO ONE IN WHICH UB IS  
EMERGING MORE CLEARLY AS THE VILLAIN IN THE EPISODE.  
THIS HAS SERIOUS IMPLICATIONS FOR THE FUTURE OF THE  
COMPANY AND PERHAPS FOR THE SAFETY OF COMPANY  
EMPLOYEES AND OFFICIAL AMERICANS. GIVEN THE PAST  
BEHAVIOR OF THOSE WHO ATTENDED MEETINGS LIKE THE ONE  
CALLED FOR APRIL 17 TO DISCUSS CIA AND EMBASSY  
INVOLVEMENT IN THE BRIBERY EPISODE, WE VIEW THAT  
VIOLENCE DIRECTED AT UB'S TEGUCIGALPA OFFICE AND THE  
EMBASSY AS POSSIBLE. AMBASADOR SANCHEZ PERSONALLY  
DELIVERED A NOTE TO ACTING FONMIN PINEDA TODAY,  
APRIL 16, CALLING ON THE GOH TO PROVIDE APPROPRIATE  
PROTECTION TO USG INSTALLATIONS.  
SANCHEZ

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## Message Attributes

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**TAGS:** PINT, EIND, HO, US, UNITED BRANDS, (LOPEZ ARELLANO, OSWALDO)  
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